

**HF3201 - 0 - "Cty's Pymt Cost of Care;Anoka-Metro Reg"**

Chief Author: **Nick Zerwas**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **03/23/2018**  
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
<b>General Fund</b>	-	-	3,690	3,687	3,687
<b>Total</b>	-	-	<b>3,690</b>	<b>3,687</b>	<b>3,687</b>
<b>Biennial Total</b>			<b>3,690</b>		<b>7,374</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	1	1	1
<b>Total</b>	-	-	<b>1</b>	<b>1</b>	<b>1</b>

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Ahna Minge      Date: 3/23/2018 11:18:11 AM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
General Fund	-	-	-	3,690	3,687	3,687
<b>Total</b>		-	-	<b>3,690</b>	<b>3,687</b>	<b>3,687</b>
<b>Biennial Total</b>		<b>3,690</b>			<b>7,374</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	3,690	3,687	3,687
<b>Total</b>		-	-	<b>3,690</b>	<b>3,687</b>	<b>3,687</b>
<b>Biennial Total</b>		<b>3,690</b>			<b>7,374</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>		-			-	

**Bill Description**

This bill modifies the county liability for cost of care at the Anoka-Metro Regional Treatment Center (AMRTC) for individuals who are clinically appropriate for discharge from the hospital but remain in the facility for competency restoration services. The county liability for individuals who are clinically appropriate for discharge and who no longer require hospital level of care is currently 100% of the cost of care for the facility.

**Assumptions**

The Anoka-Metro Regional Treatment Center (AMRTC) is a state-operated 110-bed licensed psychiatric hospital for patients who have multiple and complex conditions or have high levels of behavioral issues. Cost of care in a state-operated facility is the responsibility of the patient/client unless other payers, including health plans, have been identified. For health plan coverage to be available during a stay an individual must be clinically appropriate for a stay in a hospital (meet hospital level of care criteria). As an Institute for Mental Diseases (IMD), Medical Assistance does not cover hospital stays for individuals 22 to 64 years of age.

Cost of care for individuals served at AMRTC is charged on a per diem rate calculated based on the methodology used for Minnesota Medicaid State Plan for Regional Treatment Centers. The calculation divides total cost for the facility by total expected patient days. All beds at AMRTC are licensed as hospital beds and as such are under the same per diem rate. As all beds are licensed hospital beds, regulation and certification require us to provide hospital level services to patients while they are being served in the facility.

Minnesota Statute §246.54 Liability of County; Reimbursement, assigns a county’s portion of cost of care for state-operated facilities when no other payer is available. County liability is established by facility and is a percentage of the per diem rate. The balance of the per diem not assigned to the county is billed to the individual being served unless the service is covered by a third party payer. Third party payers are always billed first, before a county, to ensure only non-covered costs have a county portion applied.

The language in the bill requires the county be charged the competency restoration program rate regardless of the facility in which the client is located if the client is clinically appropriate for discharge, continues to require competency restoration services and the delay in discharge or transfer is because of insufficient competency restoration program resources.

The bill does not define what constitutes insufficient competency restoration program resources but it is assumed for this analysis it means available beds at the Forensic Community Competency Restoration Program.

There are two published rates for competency restoration services \$788 for the Forensic Competency Restoration

Program (a secure program on the St. Peter campus); and, \$628 for the Forensics Community Competency Restoration Program (located in the community). For this fiscal analysis, we will be using the Forensics Community Competency Restoration Program rate.

To be able to charge the counties a rate other than the published in-patient psychiatric hospital rate for AMRTC (currently \$1,390), the balance of the cost of care rate would need to be charged to the client. If the client or client's responsible relative cannot pay, the balance would continue to be held for future action including a claim against the client's estate.

Historically, clients are not able to pay their cost of care and therefore any charges billed to the client would be considered lost revenue to the general fund.

**Expenditure and/or Revenue Formula**

Due to the increased complexity of tracking county and client charges for Rule 20 clients (in need of competency restoration service), this would require the addition of 1.0 FTE Reimbursement Specialist to process/manage the monthly billing cycle. The annual salary of a Reimbursement Specialist is approx. \$42,000 (step 3). Adding 35% for fringe benefits, the annual expenditure is \$56,700. The new FTE would not be hired until Sept. 1, 2018.

One-time overhead expense (workplace furnishings & installation, computer, phones, etc.) is approximately \$14,500. Ongoing monthly overhead expense (occupancy, training, supplies, etc.) is approximately \$1,200 per month.

**Revenue:**

An average daily census (ADC) is calculated based on the total number days clients at AMRTC do not meet hospital level of care criteria (DNMC). The days are broken out between Rule 20 (needing competency restoration services) and Non-Rule 20 (all other). The data is from calendar year 2017.

	Total DNMC Days	Total Calendar Days	Average Daily Census
Non-Rule 20	6,001	365	16
Rule 20	4,765	365	13
Total	10,766	365	44

The change in estimated revenue is broken out below. The revenue is based on charging counties the current published Forensics Community Competency Restoration Program rate (\$628) with the balance of the AMRTC rate being charged to the client (\$1,390 - \$628 = \$762). The client charges would be lost revenue to the general fund.

	Average Daily Census	Rate Charged	Percent Billed	Estimated Revenue (\$000's)
County	13	\$628.00	100%	\$2,980
Clients (Lost Rev)	13	\$762.00	100%	\$3,616

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	65	Personnel Cost		47	57	57
GF	65	Overhead Expense		27	14	14
		Total Operating Expense		74	71	71

GF	Rev1	Lost Cost of Care Collections		3,616	3,616	3,616
		<b>Total Net Fiscal Impact</b>		3,690	3,687	3,687
		<b>Full Time Equivalent</b>		1.0	1.0	1.0

**Long-Term Fiscal Considerations**

Clients' estates would be responsible for any un-paid balances of the cost of care at AMRTC.

**Local Fiscal Impact**

Reduction in the county liability of cost of care at AMRTC.

**References/Sources**

Department of Human Services Bulletin #17-77-01 Direct Care and Treatment Cost of Care Rates as of July 1, 2017

**Agency Contact:**

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